GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:748
ANSWERED ON:17.05.2002
UNDUE BENEFIT DUE TO TAXATION AGREEMENTS
RAVINDRA KUMAR PANDEY

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that the major industrial houses are taking undue benefit of taxation agreement with Mauritius, British Virgin Islands and other countries;

(b) if so, the details thereof;

(c) whether the Enforcement Directorate, Department of Revenue and Income Tax has investigated such cases;

(d) if so, the action taken by the Government and above named department in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N RAMACHANDRAN)

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO LOK SABHA STARRED QUESTION NO. 748 FOR ANSWER ON 17TH MAY, 2002

(a) &(b) No case has come to notice of the Governmentof any undue benefit being taken by major industrial houses of the Double Taxation Avoidance Agreements (DTAAs). Industrial houses which have set up jointventures or wholly owned subsidiaries in countries with which India has a DTAA, are governed by theclauses of these Agreements. India does not have any such Agreement with British Virgin Islands. However, search operation conducted on a group engaged in computer business has prima-facie indicated undue advantage being taken of Indo-Mauritius DTAA.

(c) & (d) Does not arise in view of reply to (a) & (b) above. However, the investigation into the affairs of the group engaged in computer business referred to in reply to part(a) and (b) above is still in progress.